

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A JOINT BUDGET WORK SESSION WITH THE FRANKLIN COUNTY SCHOOL BOARD ON TUESDAY, FEBRUARY 5, 2013 AT 5:30 P.M., IN THE B-75 MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 110, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT: David Cundiff, Chairman  
Cline Brubaker, Vice-Chairman  
Leland Mitchell  
Bob Camicia  
Ronnie Thompson  
Charles Wagner  
Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator  
Christopher Whitlow, Asst. Co. Administrator  
Larry Moore, Asst. Co. Administrator  
B. J. Jefferson, County Attorney  
Sharon K. Tudor, MMC, Clerk

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David Cundiff, Chairman, called the meeting to order.

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**(RESOLUTION #01-02-2013)**

BE IT THEREFORE RESOLVED, by the Board of Supervisors to go into Closed Session in Accordance with 2.2-3711 a-3, Acquisition or Disposition of Public Property of the Code of Virginia, as amended.

MOTION BY: Ronnie Thompson  
SECONDED BY: Cline Brubaker  
VOTING ON THE MOTION WAS AS FOLLOWS:

AYES: Mitchell, Thompson, Wagner, Brubaker, Camicia, Thompson & Cundiff

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MOTION: Charles Wagner

**RESOLUTION: #02-02-2013**

SECOND: Leland Mitchell

MEETING DATE February 5, 2013

WHEREAS, the Franklin County Board of Supervisors has convened an closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act: and

WHEREAS, Section 2.2-3712(d) of the Code of Virginia requires a certification by this Franklin County Board of Supervisors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Franklin County Board of Supervisors hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Franklin County Board of Supervisors.

VOTE:

AYES: Mitchell, Thompson, Wagner, Brubaker, Camicia, Thompson & Cundiff

NAYS: NONE

ABSENT DURING VOTE: NONE

ABSENT DURING MEETING: NONE

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David Cundiff, Chairman recessed the meeting.

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David Cundiff, Chairman called the meeting to order.

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**COUNTY STAFF - REVIEW OF THE EARLY BUDGET INSIGHT INTO THE FY'13-14 BUDGET**

Richard E. Huff, II, County Administrator, reviewed with the Board the following Capital Projects listing:

Franklin County  
Listing of Known and Possible Capital Projects  
February 5, 2013

<u>Priority</u>	<u>Project Description</u>	<u>Borrowing Estimate</u>	<u>Debt Service or Other Funding Source</u>	<u>Impacts</u>
12-13	Glade Hill Fire/EMS Station (See Note 1) Construction Estimate: \$1,625,000 Site Acquisition/Development: \$300,000 A & E: \$113,750	\$1,625,000	Can be Funded from Existing Debt Drop \$116,939 annual debt service for 20 years @ 3.75%	Enhanced ISO Ratings Additional Utility/Operational Costs
12-13	Westlake Fire/EMS Station (See Note 1) Construction Estimate: \$937,500 Site Acquisition/Development: \$350,000 A & E: \$65,625	\$937,500	Can be Funded from Existing Debt Drop \$67,465 annual debt service for 20 years @ 3.75%	Enhanced ISO Ratings Additional Utility/Operational Costs
<b>Note 1 The County has \$899,197 Set Aside for Public Safety Station Construction.</b>				
13-14	Phase II Utility Expansion Western Virginia Water Authority Share County Share	\$3,180,762 \$1,000,000 \$2,180,762	Borrow \$1,380,762, Use Utility Reserves of \$800,000 Possible 15 year borrowing Annual debt service of \$122,026 @ 3.75%	Additional Public Water Service
13-14	Radio System Upgrade Total Cost Still to be Determined Top Safety Concern for First Responders	\$11,000,000	Possible 15 year borrowing Annual debt service of \$972,135 @ 3.75%	Expanded Radio Coverage Improved Communications Between First Responders
13-14	Parks/Recreation/Aging Services Facility	\$1,200,000	Possible 10 year borrowing Annual debt service of \$146,114 @ 3.75%	Enhanced Programming for Growing Senior Population Additional Recreation Programming
13-14	New 911 Communications Center	\$3,600,000	Possible 15 year borrowing Annual debt service of \$318,153 @ 3.75%	Improved Communications Between First Responders
13-14	Capital Maintenance Budget - Schools	\$1,500,000	Annual Set Aside	Aging Infrastructure Causing Sudden
	and County			Unexpected Repairs such as Ramsey Cafeteria
16-17	Department of Social Services Building	\$5,200,000 *	Possible 20 year borrowing Annual debt service of \$374,203 @ 3.75%	Improved Citizen Access Consolidation of Services
17-18	Industrial/Business Park	\$8 - \$12 million	Possible 20 year borrowing Annual debt service on \$12 million = \$863,545 @ 3.75%	Job Creation, Tax Revenue
?	Natural Gas Pipeline	\$9,000,000	Possible 20 year borrowing Annual debt service of \$647,660 @ 3.75%	Job Creation, Tax Revenue
17-18	Middle School/High School Expansion	\$75 - \$100 million	Possible 30 year borrowing Annual debt service of \$5.8 million @ 4% on a \$100 million borrowing	Relief from Crowded Classrooms More Efficient Use of Existing Space

\* Cost Estimate at Present Time

Other Projects to Keep in Mind:

- Future Parks and Recreation Facilities/Fields
- Aging School Infrastructure/Consolidation of Elementary Schools
- Future Branch Libraries
- Future Fire/EMS Stations/Upgrades
- Future Landfill Borrowings
- School Security Measures

ANALYSIS OF COUNTY ONLY FUTURE DEBT

Richard E. Huff, II, County Administrator, briefly gave an overview on the County’s existing debt and future proposed borrowings.

2/5/13

Franklin County - Analysis of County Only Future Debt

Existing Debt			Future Proposed Borrowings										New Funds Required Over Previous Year	New Funds Required Over Base Year of 12-13
FY	Total Existing Debt Service (1)	Total Outstanding Debt	Landfill (2)	Parks, Rec, Aging Facility (7)	Social Services Building (8)	Burnt Chimney Waterline (4)	Radio System (5)	911 Communications Center (9)	Business Park (6)	Public Safety Stations (3)	Total Proposed Debt Service			
12-13	2,069,529	12,172,579									2,069,529	0		
13-14	1,667,867	8,295,910								184,404	1,852,271	(217,258)	(217,258)	
14-15	1,448,783	7,121,819		146,114		122,026	972,135	318,153	863,545	184,404	3,191,615	1,339,344	1,122,086	
15-16	1,137,120	6,230,438		146,114		122,026	972,135	318,153	863,545	184,404	3,743,497	551,882	1,673,968	
16-17	1,133,470	5,314,992		146,114		122,026	972,135	318,153	863,545	184,404	3,739,847	(3,650)	1,670,318	
17-18	994,235	4,510,191	936,451	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,911,266	1,171,419	2,841,737	
18-19	986,218	3,682,286	936,451	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,903,249	(8,017)	2,833,720	
19-20	821,022	2,997,990	936,451	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,738,053	(165,196)	2,668,524	
20-21	819,297	2,293,026	936,451	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,736,328	(1,725)	2,666,799	
21-22	607,056	1,779,944	936,451	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,524,087	(212,241)	2,454,558	
22-23	607,280	1,248,300	1,622,825	146,114	374,203	122,026	972,135	318,153	863,545	184,404	5,210,685	686,598	3,141,156	
23-24	241,813	1,063,050	1,622,825	146,114	374,203	122,026	972,135	318,153	863,545	184,404	4,845,218	(365,467)	2,775,689	
24-25	241,171	869,250	1,622,825		374,203	122,026	972,135	318,153	863,545	184,404	4,698,462	(146,756)	2,628,933	
25-26	240,068	666,900	1,622,825		374,203	122,026	972,135	318,153	863,545	184,404	4,697,359	(1,103)	2,627,830	
26-27	238,501	456,000	1,622,825		374,203	122,026	972,135	318,153	863,545	184,404	4,695,792	(1,567)	2,626,263	
27-28	239,255	233,700	1,622,825		374,203	122,026	972,135	318,153	863,545	184,404	4,696,546	754	2,627,017	
28-29	239,446	0	1,622,825		374,203	122,026	972,135	318,153	863,545	184,404	4,696,737	191	2,627,208	
29-30			2,381,218		374,203				863,545	184,404	3,803,370	(893,367)	1,733,841	
30-31			2,381,218		374,203				863,545	184,404	3,803,370	0	1,733,841	
31-32			2,381,218		374,203				863,545	184,404	3,803,370	0	1,733,841	
32-33			1,694,844		374,203				863,545	184,404	3,116,996	(686,374)	1,047,467	
33-34			1,694,844		374,203				863,545		2,932,592	(184,404)	863,063	
34-35			1,694,811		374,203				863,545		2,932,559	(33)	863,030	
35-36					374,203						374,203	(2,558,326)	(1,695,326)	
36-37					374,203						374,203	0	(1,695,326)	

Also for Consideration: Middle/High School Improvements at \$75 to \$100 million. Annual debt service on \$100 million at 4% for 30 years = \$5.8 million.  
One Proposal Currently Being Reviewed is a \$50 million Career and Technical Center that could benefit from twice a year Real Estate Collections windfall of \$18 million. This would leave us needing to borrow \$32 million. Annual debt service on \$32 million for 20 years @ 4% = \$2.4 million.

Notes:  
(1) This is total County Debt only. FY12-13 includes the Reserve for Future Debt of \$214,510.  
(2) Proposed borrowing of \$8.3 million in FY16-17 - annual debt service of \$936,451 @ 5% for 12 years  
These estimates are based on the most recent engineering estimates that have been provided to the County and also based on current DEQ and EPA regulations which are subject to change as we go forward.  
FY22 Borrowing of \$5.3 million for 10 years at 5% = \$686,374  
FY30 Borrowing of \$9.8 million for 7 year at 5% = \$1,694,844  
(3) Proposed Glade Hill Station: \$1.625 million at 3.75% for 20 years - annual debt service is \$116,939  
Westlake Station: \$937,500 million at 3.75% for 20 years - annual debt service is \$67,465  
(4) Proposed borrowing of \$1,380,762 at 3.75% for 15 years  
(5) Proposed borrowing of \$11 million at 3.75% for 15 years  
(6) Proposed borrowing of \$12 million at 3.75% for 20 years  
(7) Proposed borrowing of \$1.2 million for 10 years at 3.75%  
(8) Proposed borrowing of \$5.2 million for 20 years at 3.75%  
(9) Proposed borrowing of \$3.6 million for 15 years at 3.75%

DISCRETIONARY REVENUE SUMMARY

Richard E. Huff, II, County Administrator, and Vincent K. Copenhaver, Director of Finance, briefly highlighted the following Discretionary Revenue Summary:

FRANKLIN COUNTY DISCRETIONARY REVENUE SUMMARY FEBRUARY 5, 2013					
	Adopted Budget 12-13	Projected Collections 12-13	Proposed Budget 13-14	Adopted to Proposed Increase (Decrease)	Adopted to Proposed Percent Incr/Decr
General Property Taxes:					
Real Estate	33,769,423	34,431,125	34,411,444	642,021	1.90%
Public Service Corp	780,000	874,873	860,000	80,000	10.26%
Personal Property	7,983,367	8,010,941	8,557,044	573,677	7.19%
Machinery and Tools	611,942	664,054	680,817	68,875	11.26%
Merchants Capital	660,056	646,572	673,840	13,784	2.09%
Penalties and Interest	602,180	635,963	576,213	(25,967)	-4.31%
General Property Taxes	44,406,968	45,263,528	45,759,358	1,352,390	3.05%
Other Local Taxes:					
Sales Tax	3,550,000	4,065,180	4,001,050	451,050	12.71%
Consumer Utility Taxes	969,800	972,879	970,000	200	0.02%
County Business License	4,000	4,642	4,400	400	10.00%
Utility License Tax	230,000	218,711	218,000	(12,000)	-5.22%
Communications Tax	2,300,000	2,322,775	2,300,000	0	0.00%

Motor Vehicle Decals	1,182,000	1,159,789	1,182,000	0	0.00%
Bank Stock Taxes	123,000	119,639	119,639	(3,361)	-2.73%
Tax on Deeds	455,000	487,852	460,000	5,000	1.10%
Hotel/Motel Trans Occ Tax 2%	38,000	36,551	36,500	(1,500)	-3.95%
Meals Tax	847,000	944,840	940,000	93,000	10.98%
Other Local Taxes	9,698,800	10,332,858	10,231,589	532,789	5.49%
Interest on Bank Deposits	900,000	1,033,600	1,000,000	100,000	11.11%
Commonwealth of Virginia Revenues:					
Motor Vehicle Carriers Tax	35,350	40,962	35,353	3	0.01%
Mobile Home Titling Tax	86,000	103,049	100,000	14,000	16.28%
Motor Vehicle Rental Tax	32,000	37,614	36,738	4,738	14.81%
Personal Property Tax Relief	2,626,618	2,626,618	2,626,618	0	0.00%
Total Commonwealth Revenue	2,779,968	2,808,243	2,798,709	18,741	0.67%
Total Discretionary Revenue	57,785,736	59,438,229	59,789,656	2,003,920	3.47%

FY 12-13 Original Budget:		
Total School Operating Transfer	27,629,908	
Total School Debt Service Transfer	2,691,997	
	30,321,905	
School Transfers as a Percentage of Discretionary Revenues		
	52.47%	
School Share of New Discretionary Revenue		
	1,051,517	(\$2,003,920 X 52.47%)

Remaining New Revenue for the County	\$952,403
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**PROPOSED BUDGET FY’13-14/BIG PICTURE LOOK**  
Richard E. Huff, II, County Administrator, presented the following brief overview, as to date:

**FRANKLIN COUNTY**  
**PROPOSED BUDGET FY13-14**  
**BIG PICTURE LOOK**  
**FEBRUARY 5, 2013**

General Government Budget is Out of Balance by (\$478,079)

Included in the Proposed Budget:

Three Percent Raise for all Full and Part Time County Employees	\$486,054
7.8% Health Insurance Reserve	\$205,353
Operating Line Item Increases for Opening New Landfill	\$509,263
Staffing for an Additional Ambulance - Scheduling Options/	\$200,000

Locations to be Determined - New Expense is Offset  
by Additional Billing Revenue of the Same Amount

Additional Local School Operating Support	\$1,051,517
3.65% Increase for Officers of Election to Enable Us to be More Competitive in the Region	\$2,000
Part Time AG Director	\$20,800
Additional Tourism Marketing Funds	\$12,350

CIP is out of Balance by:	(\$268,012)
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School Bus Replacement is Short:	(\$750,504)
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Total Revenues Include an Additional \$116,131 in State Funds for  
Raises for Constitutional Officers and Social Services

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**PUBLIC SCHOOLS FY’2013-2014**

Richard E. Huff, II, County Administrator, highlighted the following proposed FY’2013-14 School Budget Funding Needs, as revised:

Franklin County Public Schools  
2013-14 School Budget Funding Needs  
Revised  
January 22, 2013

	<u>Total School Budget</u>	<u>County Funds for Schools</u>
<u>2012-13 Adopted School Budget (Includes</u> \$281,073 * in Energy Costs and \$1,417,555 Carryover–Funded Items Which Need to be Fully-Funded in 2013-14)	\$79,000,931	\$32,053,519
Reduction in Debt Service Budget	(103,000)	(103,000)
VRS Phase-In-Another 1% (1.15% Pay Increase)	149,289	149,289
Unbudgeted Additional Staffing	<u>157,902</u>	<u>157,902</u>
Sub-Total	79,205,122	32,257,710
3.5% Pay Increase in 2013-14 (Cost-of-Living Increase, Frozen on Current Step, No Step Increases) (\$690,172 + \$954,411 = \$1,644,583) (Note: All employees will be experiencing a 2.0% Cut in net pay due to the lapsing of the temporary 2% reduction in Social Security rates.)	<u>1,644,583</u>	<u>1,644,583</u>
2013-14 School Budget Funding Needed (Without Considering Other Budget Adjustments)	80,849,705	33,902,293
Other 2013-14 Budget Adjustments:		
1. Additional Group Health Insurance Premiums	262,500	262,500
2. a. Cut 3 Secondary & 5 Elementary School Bus	(144,180)	(144,180)

Routes – Salaries & Benefits (8 x \$10,248 = \$81,984 + \$18,996 + \$43,200 = \$144,180)		
b. Cut 8 Bus Routes – Diesel Fuel (\$15,300 + \$19,200 = \$34,500)	(34,500)	(34,500)
3. Restructure Title II Federal Programs – Fund 2 Additional Instructional Coach Positions (\$37,426 x 2 = \$74,852 + \$19,409 + \$10,800 = \$105,061)	(105,061)	(105,061)
4. Restructure the Title VI-B Federal Program – Fund 3 Additional Sp Ed Teaching Positions (\$34,897 x 3 = \$104,691 + \$27,146 + \$16,200 = \$148,037)	(148,037)	(148,037)
5. Cut Early Reading Intervention Program to Minimum Required by VDOE	<u>(18,732)</u>	<u>(18,732)</u>
Sub-Total	80,661,695	33,714,283
6. Possible Additional State Revenues in 2013-14 (Based Upon the Same ADM – 7,160 Estimated For 2012-13) – See Tab #10	<u>(482,062)</u>	<u>(482,062)</u>
Total	<u>\$80,179,633</u>	<u>\$33,232,221</u>
Additional County Funding Needed:		
Increase in County Funding	\$ 1,178,702	\$ 1,178,702
Replace One-Time Carryover Funding	<u>1,417,555</u>	<u>1,417,555</u>
Total	<u>\$ 2,596,257</u>	<u>\$ 2,596,257</u>

\* The \$281,073 Energy Costs Carryover included in the 2012-13 School Budget can be funded by the Schools Energy Fund Reserve balance of \$307,084 in 2013-14.

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### **TALKING POINTS**

Richard E. Huff, II, County Administrator, shared with the Board the following talking points:

#### **FRANKLIN COUNTY BUDGET WORK SESSION FEBRUARY 5, 2013 TALKING POINTS**

- School Shortfall Number could improve as additional funds have been proposed by the House and Senate for raises for school support staff as well as teachers. Impact to Franklin County is unknown at this point - additional analysis is under way.
- One Penny on Real Estate Rate = \$627,249.
- Actual Collection Percentage Last Fiscal Year was 96.4%. FY13-14 Projection based on same Collection Percentage.
- Budgeting Growth Percentage for Real Estate of ½%.
- One Penny on Personal Property Rate = \$44,962 (does not include Heavy Machinery and Equipment).
- Actual Collection Percentage Last Fiscal Year was 94.9%. FY13-14 Projection based on same Collection Percentage.
- Budgeting Growth Percentage for Personal Property of 2%.
- Social Security Cost of Living Increase has been 11.1% since January 1, 2009.

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**DR. MARK CHURCH, SUPERINTENDENT MEETING/FEBRUARY 19, 2013**

Richard E. Huff, II, County Administrator, requested the Board's concurrence on a proposed meeting with Dr. Mark Church, Superintendent of Schools, to have dialogue regarding possible school areas for cuts, should there be a shortage in funds. The Board concurred with having Dr. Church meet with them on the evening of February 19, 2013 after the advertised public hearings.

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Chairman Cundiff adjourned the meeting.

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DAVID CUNDIFF  
CHAIRMAN

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SHARON K. TUDOR, MMC  
COUNTY CLERK